

**LEASECON 2020**  
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REGIONAL ECONOMIC SECURITY**

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opatlasov@mail.ru**Abstract**

The active construction of a market economy has pushed countries to harmonize their legislation. This paper reveals the challenges of interregional blocks harmonization and the obstacles of integration processes. It is proved that the main problem of harmonization is in internal political processes because the states are reluctant to lose the sole mechanisms of the state government, as well as in the diversity of associations and their division into economic, military and social blocks. The analysis of the degree of tightness of regulation and the level of freedom of the country's entry into various blocks. During the study, the legislation of all major international unions (BRICS, ASEAN, EurAsEC, SCO, NAFTA, EU, SADK, ECOWAS, etc.) was analyzed. The experience of interaction in the harmonization of legislation of different unions is studied. It is concluded that legislation harmonization is possible only in the long term since the process of legislative framework synchronization is a protracted and complicated work.

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## 1. Introduction

It is more expedient to consider the legislation harmonization in the field of economic security at the regional level using the example of intergovernmental organizations (EURASEC, EU, ASEAN, etc.) If a country is a member of such organizations, it implies compliance with generally accepted standards in various areas of interaction within a certain union framework. For Russia the problem of legislation harmonization is most relevant in connection with the simultaneous entry into the Eurasian Economic Community, BRICS, SCO and several other associations. The reasons for integration processes slowdown become obvious when analyzing legal systems. Associations member states do not want to lose their independent policy and sole decision-making in the fields of trade, customs regulation and domestic market protection (Inshakova et al., 2020). When the economic security has been achieved in conditions of legislation integration, the emphasis should be placed on making the uniform model acts in the field of customs regulation, taxes, banking, forestry and other legislation.

## 2. Problem Statement

Nowadays, when the economic globalization intensifies and the countries are eager to meet modern parameters, it is becoming increasingly difficult to make the states work together on the integration processes taking place all over the world. The efforts to harmonize countries legislation often take place within the framework of customs unions, trade associations and military alliances. The implementation of the Smart City standards developed by international specialized organizations (Beloshitskii & Patlasov, 2020a; Beloshitskii & Patlasov, 2020b) has also been observed recently. This character determines the special conditions that must be taken into account when working in this field.

## 3. Research Questions

The basis of the study is the results of testing the following hypotheses.

**Hypothesis 1.** What legislative regulatory amendments should be made in the documents (memoranda, agreements, protocols, etc.) within the framework of intergovernmental associations?

**Hypothesis 2.** Is it possible to transfer existing declarations, communiqués, etc. individually to other economic blocs or geopolitical unions?

**Hypothesis 3.** What is the authority of constitutional norms in terms of hierarchy of laws and the primacy of international conventions over any national legislation for the union member countries?

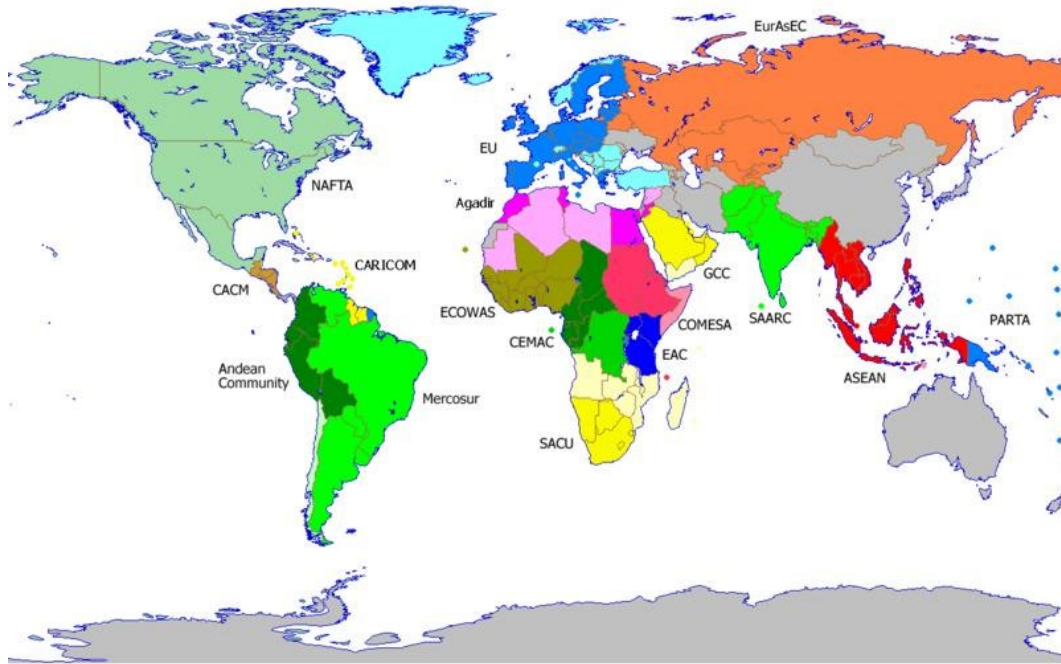
**Hypothesis 4.** Is there a dominant influence of the countries being members of several economic blocs?

**Hypothesis 5.** The scope of legislation harmonization depends on the breadth / narrowness of the goals and objectives of associations.

## 4. Purpose of the Study

The purpose of the study is: to explore the reasons for the legislations harmonization slowdown in different countries when they enter the intergovernmental blocs. While investigating the issue we

analyzed various associations in order to identify positive examples of integration processes. Owing to the variety of different associations (figure 01) and the intersections of their activities, it is necessary to determine the problems arising when there is an effort to synchronize the legislative framework of the single bloc member countries or when the countries simultaneously participate in several unions.



**Figure 1.** Map of the largest international associations

## 5. Research Methods

The need to investigate regional economic security in the post-Soviet space appeared after the collapse of the USSR when an active process of integration into the world community, organization of new blocs and entry into various existing associations started in Russia and in the newly formed independent states. The complexity of harmonization, besides existing legislation integration, lies in the harmonious incorporation of newly adopted or amended legislative acts.

The theoretical and methodological basis of the study is the works of national and foreign economists, lawyers, statesmen, as well as the official Internet resources of legal systems and websites of associations (SCO, EU, ASEAN, ECOWAS, CIS, etc.).

Regional-sectoral, economic-geographical methods for comparative analysis of regional socio-economic systems, historicism, objectivity, comprehensiveness have been used in the course of the study. General scientific research methods (systemic-structural, experiment, functional, structural) and specific scientific methods (comparative jurisprudence, Legal formalism) have also been used.

## 6. Findings

Most scholars specialized in International Law consider legislation harmonization in economic blocs as a mechanism of regulatory competition (Arcuri & Giuseppe, 2010).

This, in turn, gives the advantage of goods and services flow around the union on preferential or duty-free conditions.

When countries organize or join various blocs, they face an urgent integration task, in particular the problem of national laws divergence, they also come across the country differences and they need to fulfill the necessary requirements for an international organization. The relationship of individual parties can be regulated by various types of normative legal acts, such as model codes, resolutions, recommendations, model laws, agreements, etc. (Beloshitskii & Patlasov, 2020a).

In addition to the criteria necessary for a country to join various unions, there is a degree of tightening of regulation and the level of freedom for countries included in associations; there is a territorial characteristic as a priority factor for accession in addition to legislative criteria. The EU, ASEAN, ECOWAS and the CIS can be named as the examples of such unions.

The practice analysis of world communities where one country is simultaneously a member of several large interregional unions (this is almost every country in the world) engenders the question of legislation harmonization taking into account the requirements of various structures. The result showed that the main postulate of model legislation and communities' goals is based on the concepts and rights adopted by the UN. In addition, all regulatory documents are peer-reviewed by the relevant UN commissions. Of course, there are specific conditions and requirements put forward by various associations but for the most part they are single in nature and they do not intersect with other blocks.

Most integration problems can be solved using the experience of existing similar associations. Thus in the field of customs regulation it is advisable to consider the experience of Benelux countries, namely the Agreement between the Governments of the States of the Benelux Economic Union, the Federal Republic of Germany and the French Republic on the gradual abolition of checks at their common borders (Convention implementing the Schengen Agreement of 14 June 1985). It is possible to have free borders on the EurAsEC territory if a uniform visa valid for the entire territory of the Contracting Parties shall be introduced as indicated in Title II Chapter 3 Section 1 Article 10 of the above-mentioned agreement. At present none of the EurAsEC countries is ready for this. In addition, in the long term the same Agreement regulates the abolition of internal borders and the existence of only external borders which will create an integrated economic community. The main work load in this direction will be carried out by the customs authorities, ministries of foreign affairs and security services of countries while maintaining the political will of the participating countries.

The harmonization of national legislations is based on model laws and codes in associations. This integration work direction for legislation harmonization is rather important and weighty in the CIS framework: the Interstate Assembly of CIS Member States adopted about 177 model laws and codes for different focus spectra (Model Codes, 2020). Within the framework of the EurAsEC functioning, the need for a large number of model laws, codes, recommendations has disappeared, since the main part of harmonization has been carried out precisely within the CIS, but regulation of highly specialized areas is reflected in the new EurAsEC model laws, for example, the model law "On Competition" of October, 24, 2013 (Model Law "On Competition", 2013). Competition is given great importance as each country is interested to protect its producers and to increase the competitiveness of its goods. Simultaneous participation of countries in several associations implies the absence of fundamental differences referring

to the same issues in different associations. For example, the legal framework in the Russian Federation presupposes to take into account, on the one hand, the model law “On Competition” (EurAsEC) adopted as part of the existing Agreement on the main areas of cooperation for the CIS participants in the field of consumer protection dated January 25, 2000 (Agreement on the main areas of cooperation for the CIS participants in the field of consumer protection, 2011). On the other hand, there is a Memorandum of understanding on Cooperation aimed to promoting development and strengthening in the area of competition policy, legislation and enforcement signed in March 10, 2011 by the Federal Antimonopoly Service of the Russian Federation and the Director General for Competition of the European Commission (Federal Antimonopoly Service, 2010).

The legislative differences including constitutional systems between countries being simultaneously part of the CIS, the Union State of Russia-Belarus and the EurAsEC carry low risks when they are ratified by legislative bodies and the law enforcement practice of certain norms of these intergovernmental unions is close to the legal system of their leader (Russia).

Improving legislation harmonization in the economic sphere of the EurAsEC, it is worth paying attention to the experience of other associations, in particular, the Revised Treaty of the Economic Community of West African States (ECOWAS) (TRAITE MODIFIE DE L'UNION ECONOMIQUE ET MONETAIRE OUEST AFRICAINE (UEMOA)). This act considers harmonization in the field of financial and currency regulation. This act contains articles on the free movement and residence on the territory of all member states, in particular in the second paragraph of item 1 of article 91 of paragraph 5 (Union Economique et Monétaire Ouest Africaine, 2003). This indicates that economic associations of different countries emphasize the laws harmonization concerning free movement of human capital within one association.

Special attention should be paid to the consolidation of the community countries' currencies when integrating and/or combining financial and credit systems (Von Furstenberg, 2002). Single currency will help avoid the burden of originally defective world currency (US dollars) on the economies of the participating countries. In addition, this will allow one to avoid dominance and to stabilize internal exchange rate fluctuations; it will serve as a financial lever for social and economic situation equalization in various areas of the community countries.

A valuable example of the transition to a single currency is the experience of the EU. The Maastricht Treaty convergence criteria establish the requirements necessary to join the single currency space. In the initial stages of currency integration, Council Regulation (EC) No 1103/97 of June 17, 1997 on certain provisions relating to the introduction of the euro should be taken as an example (Council Regulation (EC) No 1103/97 of 17 June 1997).

The implementation of the first integration provisions necessary for a country to join the community does not always guarantee its full membership. If we consider the example of the EU and Turkey's attempts to become a member since 2005, it is clear that in addition to the Maastricht Treaty criteria, the consent of the full membership countries is necessary (France and Germany openly declared their disagreement with Turkey's accession to the EU) (Hürsoy, 2017).

Besides legislative framework harmonization and military and economic unions' establishment, some groups of countries form food security. Such forward-looking planning will allow the states to be

independent from third countries in case of unforeseen technological, climatic and military situations. The experience of World War II showed how necessary it is for population and army support. Currently, the South Asian Association for Regional Cooperation has the Agreement on Establishing the SAARC Food Security Reserve.

## 7. Conclusion

During the study of the international integration associations' experience, it has been proved that the potential of model legislation is not exhausted. Having analyzed the legislative bases of model laws and codes, one can see how the legal framework of the states participating in integration processes is changing.

It was found out that the concept of a region in Russia is understood as a part of the Federation (district, region, territory), though in the rest of the world the similar concept is interpreted as a supranational entity i.e., an association of states (countries of West Africa, Latin American states).

Legislation harmonization is possible only in the long term; this is chiefly because the member countries are primarily interested in their domestic policy development.

In addition to national political barriers, the problem of harmonization lies in the diversity of associations and their division into economic, military and social blocks.

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